canpfa

The Connecticut Association of Not-for-profit Providers For the Aging

Testimony to the Appropriations Committee
Regarding

House Bill 6518, An Act Establishing an Administrative Services Organization for the Medicaid Program

and

House Bill 6519, An Act Concerning Medicaid Savings

March 31, 2011

The Connecticut Association of Not-for-Profit Providers for the Aging (CANPFA) is a membership organization representing over 130 mission-driven and not-for-profit provider organizations serving elderly and disabled individuals across the continuum of care including nursing homes, residential care homes, housing for the elderly, continuing care retirement communities, adult day centers, home care and assisted living agencies. CANPFA members are sponsored by religious, fraternal, community, and governmental organizations that are committed to providing quality care and services to their residents and clients. Our member organizations, many of which have served their communities for generations, are dedicated to providing the services that people need, when they need them, in the place they call home.

The Connecticut Association of Not-for-Profit Providers for the Aging appreciates the opportunity to submit the following testimony.

House Bill 6518, An Act Establishing an Administrative Services Organization for the Medicaid Program

CANPFA maintains a vision in which every community offers an integrated and coordinated continuum of high quality and affordable long term health care, housing and community based services. We therefore optimistically support the plan to move the state's Medicaid program to a self-insured Administrative Services Organization (ASO) format and the effort to obtain federal funding to initiate a demonstration project that would utilize an Integrated Care Organization (ICO) model to implement better care coordination for the dual eligible population. While these are currently just conceptual models, the concepts are in line with our vision of creating a more integrated and coordinated continuum of high quality and affordable long term health care, housing and community based services. We would be eager to assist in a study of the concept's feasibility and best means of converting to such a program as is outlined in this proposed bill.

House Bill 6519, An Act Concerning Medicaid Savings

CANPFA would be eager to assist in a study of the state Medicaid program to identify methods to achieve savings. We have been studying potential areas of savings and would offer the following suggestions.

Developing Nursing Home Solutions:

We need to move quickly to strengthen our system of long term care, and particularly the nursing home segment. CANPFA proposes that the state accomplish this by allowing nursing home professionals to find solutions and institute change by giving those professionals the

latitude to develop their own individual business plans for their existing skilled nursing facilities and campuses. The objective for the state would be to solicit plans of restructuring, diversifying and/or downsizing existing facilities and services to build a better model of care that would strengthen the full continuum and therefore meet current consumer demands, market needs and the goals of the state's long term care plan. Restructuring could be budget neutral or result in savings to the state, both short term and long term, through fewer nursing home Medicaid days, healthier facilities that will not need the costly interim rates that are currently negotiated by the state, and the development of a more robust continuum of diverse long term care services.

The concept, which is currently outlined in Senate Bill 1185, would be to give the individual providers the opportunity to transform the state's system of aging services *one solution at a time.* To allow this to work, the state would have to modify the administrative process and regulatory mind set that currently restricts innovative initiatives in the field. The state agencies and their processes would need to become more flexible, objective, coordinated and timely. This change in philosophy and practice would encourage providers to be creative in their thinking and create real solutions to the needs of their communities while bringing innovation and modernization to the residents they serve.

The state's nursing home policy needs to move away from putting out fires and toward looking for and rewarding innovative solutions. For too long we have relied upon a short sighted system of interim rate relief for financially distressed nursing homes and this is draining our resources. An interim rate should be an investment in future long term care services, not a temporary band-aid. Before they are granted rate relief, nursing homes in need of assistance should be required to develop business plans aimed at meeting the long term care needs of their communities and utilizing financially viable business models. The end result will be individual solutions that will make the entire system stronger.

Support a Strong System of Home and Community Based Services to Delay or Prevent Nursing Home Placement:

The state has adopted and embraced a long term care plan with a goal of rebalancing the system and providing choice for individuals seeking long term care. While our recent emphasis has been on moving people from the nursing home to the community, what will bring true cost savings to the system is having a robust community based system of care that will postpone or prevent nursing home placement. The way to reach that goal is to intervene early in the aging process and provide the community based services and supports as soon as older adults need them in the place they call home.

Strengthen Recovery Efforts and Encourage Use of Private Resources:

We encourage the state to strengthened fraud recover efforts with regard to nursing home residents and to modify regulations that will promote the use of private resources to fund nursing home care rather than encourage a reliance on Medicaid funding.

Over the last two years, more and more nursing homes have reported instances of resident family members misappropriating resident social security and pension checks and refusing to pay over this "applied income" to the facility – even after Medicaid eligibility is granted with specific instructions to pay applied income. Sometimes nursing homes find that family members have misappropriated resident assets. In these cases, reports and referrals are made to law enforcement, but the facility has no recourse. Because nursing homes may not discharge residents who are Medicaid recipients, the facility must continue to care for the resident without getting paid in full for the services provided.

In addition, now that asset transfer penalties have become stricter, nursing homes shoulder a heavier burden. Most nursing home residents are not admitted to the facility as Medicaid recipients. The typical resident spends down whatever assets he or she had upon admission to pay for care before applying for Medicaid. If a determination is made that the resident transferred assets within the penalty period and a penalty is imposed, then the resident remains in the facility with no source of payment. In these cases, it is impossible for the facility to discharge the resident as no other facility would accept a resident under these circumstances without a source of payment.

Finally, Connecticut has some of the only waiting list regulations in the nation and they are designed to require that nursing homes admit residents who have qualified for Medicaid. While this is a laudable policy, it does not provide any incentive for prospective residents to maintain their private financial resources to pay for nursing home care.

We recommend the following additional proposals for the state:

- **Assist in the Collection of Misappropriated Resident "Applied Income" Funds**

- **Address the Issue of Missing or Intentionally Transferred Assets**
  - Rectify current Medicaid eligibility rules that require an ineligibility determination for a nursing home resident who cannot locate a missing asset, even though the resident otherwise meets eligibility criteria.
  - Require DSS to adopt regulations governing undue hardship waivers for individuals subject to penalties due to transfers of assets; allow nursing homes to request hardship relief for nursing home residents subject to transfer of asset penalties; authorize DSS and the Attorney General's Office to legally pursue individuals who receive improperly transferred assets; and permit nursing facilities to receive financial relief, subject to certain conditions, if the facility must continue to care for a resident subject to a transfer of assets penalty period.

- **Encourage the Use of Private Resources to Fund Nursing Home Care by Modifying the Waiting List Requirements (§ 17b-550)**
  - Current state requirements mandate that a nursing home maintain an official waiting list subject to state regulations in a bound book. If a nursing home has a vacancy, it must take the next appropriate resident on the waiting list, unless the home has a private pay census of less than 30%. If the nursing home has a percentage less than 30%, it instead may go to the next *self-pay* person on the waiting list. *Suggestion: Change the current waiting list waiver conditions from 30% self-pay to 49% self-pay. Add to it that regardless of the ratio of payer mix, if at the time of vacancy a nursing home has residents who are either Medicaid pending or in a Medicaid penalty period (and therefore the nursing home is not receiving payment for their care at the time of the vacancy), then the nursing home would be permitted to go to the next self-pay person on the waiting list.* This could be scaled to 1 such resident for a home of 120 beds or less and 2 for a home of 121 beds or more.

Thank you for the opportunity to submit this testimony.

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